



STATE OF MAINE
STATE AND TEACHERS RETIREE HEALTHCARE PLAN

BARTEL
ASSOCIATES, LLC

March 31, 2010 GASB 45 Actuarial Valuation
Final Results

John E. Bartel
Joseph D'Onofrio
Bartel Associates, LLC

November 19, 2010

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BENEFIT SUMMARY

<p>■ Eligibility</p>	<ul style="list-style-type: none"> ● MainePERS normal retirement: <ul style="list-style-type: none"> ➢ Age 62 with 10 years of service (Tier 2) ➢ Age 60 with 10 years of service on 7/1/93 (Tier 1) ➢ 25 years of service if earlier ● MainePERS disability retirement ● Part-time employees eligible for full benefits ● Former employees with 25 years of service at normal retirement age 																												
<p>■ State Employees & Ancillary Group Medical Benefit</p>	<table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;"><u>Employee Group</u></th> <th style="text-align: right;"><u>% Retiree Premium</u></th> </tr> </thead> <tbody> <tr> <td>● Judicial & Legislative</td> <td style="text-align: right;">100%</td> </tr> <tr> <td>● Other State Employees:</td> <td></td> </tr> <tr> <td style="padding-left: 20px;">➢ DOH ≤ 7/1/1991</td> <td style="text-align: right;">100%</td> </tr> <tr> <td style="padding-left: 20px;">➢ DOH > 7/1/1991</td> <td style="text-align: right;">Vesting Schedule</td> </tr> <tr> <td colspan="2"> </td> </tr> <tr> <th style="text-align: left;"><u>Years Medical Participation</u></th> <th style="text-align: right;"><u>Vested %</u></th> </tr> <tr> <td style="text-align: center;">< 5</td> <td style="text-align: right;">0%</td> </tr> <tr> <td style="text-align: center;">5</td> <td style="text-align: right;">50%</td> </tr> <tr> <td style="text-align: center;">6</td> <td style="text-align: right;">60%</td> </tr> <tr> <td style="text-align: center;">7</td> <td style="text-align: right;">70%</td> </tr> <tr> <td style="text-align: center;">8</td> <td style="text-align: right;">80%</td> </tr> <tr> <td style="text-align: center;">9</td> <td style="text-align: right;">90%</td> </tr> <tr> <td style="text-align: center;">≥ 10</td> <td style="text-align: right;">100%</td> </tr> </tbody> </table>	<u>Employee Group</u>	<u>% Retiree Premium</u>	● Judicial & Legislative	100%	● Other State Employees:		➢ DOH ≤ 7/1/1991	100%	➢ DOH > 7/1/1991	Vesting Schedule	 		<u>Years Medical Participation</u>	<u>Vested %</u>	< 5	0%	5	50%	6	60%	7	70%	8	80%	9	90%	≥ 10	100%
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BENEFIT SUMMARY

<p>■ Teachers Medical Benefit</p>	<ul style="list-style-type: none"> ● 45% of retiree premium ● Retiree premium based on: <ul style="list-style-type: none"> ➢ Single rate for single and employee + children coverage ➢ 50% of 2-party rate for 2-party and family coverage 																														
<p>■ Self-Pay</p>	<ul style="list-style-type: none"> ● Retirees not eligible for State contribution can participate by paying full premium for themselves, spouses, and dependents ● Surviving spouses and surviving dependents can participate by paying full premium 																														
<p>■ Dental, Vision, Life</p>	<ul style="list-style-type: none"> ● None 																														
<p>■ Ancillary Groups</p>	<ul style="list-style-type: none"> ● Ancillary Groups included in the valuation: <ul style="list-style-type: none"> ➢ Maine Educational Center for the Deaf and Hard of Hearing ➢ Northern New England Passenger Rail Authority 																														
<p>■ Pay-As-You-Go Cost (000's)</p>	<table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;"><u>Year</u></th> <th colspan="3" style="text-align: center;"><u>State</u></th> <th style="text-align: center;"><u>Teachers</u></th> <th style="text-align: center;"><u>Source</u></th> </tr> <tr> <td></td> <th style="text-align: center;"><u>Cash</u></th> <th style="text-align: center;"><u>IS</u></th> <th style="text-align: center;"><u>Total</u></th> <th style="text-align: center;"><u>Cash</u></th> <td></td> </tr> </thead> <tbody> <tr> <td>2009/10</td> <td style="text-align: right;">\$42,408</td> <td style="text-align: right;">\$13,000</td> <td style="text-align: right;">\$55,408</td> <td style="text-align: right;">\$18,901</td> <td style="text-align: center;">State</td> </tr> <tr> <td>2008/09</td> <td style="text-align: right;">38,384</td> <td style="text-align: right;">12,000</td> <td style="text-align: right;">50,384</td> <td style="text-align: right;">18,387</td> <td style="text-align: center;">CAFR</td> </tr> <tr> <td>2007/08</td> <td style="text-align: right;">41,388</td> <td style="text-align: right;">25,000</td> <td style="text-align: right;">66,388</td> <td style="text-align: right;">17,657</td> <td style="text-align: center;">CAFR</td> </tr> </tbody> </table>	<u>Year</u>	<u>State</u>			<u>Teachers</u>	<u>Source</u>		<u>Cash</u>	<u>IS</u>	<u>Total</u>	<u>Cash</u>		2009/10	\$42,408	\$13,000	\$55,408	\$18,901	State	2008/09	38,384	12,000	50,384	18,387	CAFR	2007/08	41,388	25,000	66,388	17,657	CAFR
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FUNDING & EXPENSE POLICY

State Employees

■ Funding Policy:

- Phase into full ARC funding over 10-year period beginning with 2009/10

Fiscal Year	Contribution
2007/08	PayGo + \$100 million
2008/09	PayGo
2009/10	PayGo + 10% x (ARC – PayGo)
2010/11	PayGo + 20% x (ARC – PayGo)
2011/12	PayGo + 30% x (ARC – PayGo)
↓	↓
2017/18	PayGo + 90% x (ARC – PayGo)
2018/19+	100% of ARC

- Pre-funding contribution not made for 2009/10
- Benefit payments paid from State Cash Pool until 2027

■ Expense amortization:

- Experience gains & losses amortized over fixed 10-year periods (per Title 5 §286-B)
- Contribution losses amortized over fixed 10-year periods
- Assumption changes amortized over fixed 10-year periods



FUNDING & EXPENSE POLICY

Teachers & Ancillary Groups

■ Funding Policy:

- No segregated and irrevocable trust
- Pay-as-you-go funding

■ Expense amortization:

- Experience gains & losses amortized over fixed 15-year periods
- Contribution losses amortized over fixed 15-year periods
- Assumption changes amortized over fixed 20-year periods



DATA SUMMARY

Participant Statistics
March 31, 2010

	State Employees ¹	Teachers	Maine Educational Center for the Deaf	Northern New England Passenger Rail Authority
■ Actives				
• Count	12,720	27,159	62	5
• Average Age	47.7	48.2	49.5	43.1
• Average Service ²	14.3	16.8	11.2	4.6
• Average Pay ³	\$42,805	\$38,853	\$41,978	\$57,602
• Total Payroll (000's)	544,480	1,055,209	2,603	288
■ Retirees				
• Count	8,920	9,381	10	1
• Average Age	70.3	70.3	60.6	69.0
■ Total Count	21,640	36,540	72	6

¹ Includes 169 Legislative and 55 Judicial active employees and 69 Legislative and 18 Judicial retirees.

² Average service by age group assumed for 827 State employees and 7,253 Teachers with missing hire dates.

³ Average pay provided by the State. Total payroll calculated as average pay multiplied by number of active employees.



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DATA SUMMARY

Participant Statistics
June 30, 2008

	State Employees	Teachers	Maine Educational Center for the Deaf	Northern New England Passenger Rail Authority
■ Actives				
• Count	14,654	27,180	76	5
• Average Age	46.8	47.3	48.5	47.4
• Average Service ⁴	12.7	16.5	10.8	4.9
• Average Pay ⁵	\$38,774	\$42,666	\$41,713	\$58,181
• Total Payroll (000's)	568,200	1,159,671	3,170	291
■ Retirees				
• Count	8,772	9,201	4	2
• Average Age	70.3	69.6	58.9	62.2
■ Total Count	23,426	36,381	80	7

⁴ Average service by age group assumed for 900 State employees and 7,770 Teachers with missing hire dates.

⁵ Average pay by age/service group assumed for 357 State employees and 7,889 Teachers with no pay reported.



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STATE PLAN ASSETS

State Employees Trust Fund

Period Ending 3/31/10

(Amounts in Thousands)

Market Value of Assets	State OPEB Trust	Estimated State Cash Pool ⁶	Total
■ June 30, 2009	\$ 82,184	\$ -	\$ 82,184
• Contributions	-	32,986	32,986
• Investment Return	20,779	-	20,779
• Benefit Payments	-	(32,877)	(32,877)
• Investment Expenses	(22)	-	(22)
• Administrative Expenses	(47)	(109)	(156)
• Adjustment ⁷	37	-	37
■ March 31, 2010	102,931	-	102,931
■ Approximate 9-Month Return	25.2%	-	25.2%

⁶ Estimate provided by State.

⁷ OPEB Trust asset as of June 30, 2009 were reported as \$82,184 for the June 30, 2009 roll-forward valuation and \$82,221 for the June 30, 2010 valuation.



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STATE PLAN ASSETS

State Employees Trust Fund

Fiscal Year Ending 6/30/10

(Amounts in Thousands)

Market Value of Assets	State OPEB Trust	State Cash Pool	Total
■ June 30, 2009	\$ 82,184	\$ -	\$ 82,184
• Contributions	-	42,408	42,408
• Investment Return	13,174	-	13,174
• Benefit Payments	-	(42,294)	(42,294)
• Investment Expenses	(30)	-	(30)
• Administrative Expenses	(56)	(114)	(170)
• Adjustment ⁸	37	-	37
■ June 30, 2010	95,309	-	95,309
■ Approximate 12-Month Return	15.9%	-	15.9%

⁸ OPEB Trust asset as of June 30, 2009 were reported as \$82,184 for the June 30, 2009 roll-forward valuation and \$82,221 for the June 30, 2010 valuation.



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STATE PLAN ASSETS

Asset Allocation
(Amounts in Thousands)

Asset Class	Target Allocation ⁹	3/31/10 Actual Allocation	
■ US Equity	45%	\$ 49,014	48%
■ International Equity	25%	26,186	25%
■ US Fixed Income	25%	20,815	20%
■ Real Estate	5%	6,978	7%
■ Cash	0%	0	0%
■ Total	100%	102,993 ¹⁰	100%

⁹ Target asset allocation for OPEB fund provided by MainePERS.

¹⁰ Differs from Plan asset value of \$102,931,000 since \$102,993,000 includes recognition of a \$62,000 liability.



STATE PLAN ASSETS



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STATE PLAN ASSETS

Expected Rate of Return Illustration

Asset Class	State Expected Real Rates of Return ¹¹	Target Asset Allocation	Actual 3/31/10 Asset Allocation
■ US Equity	6.1%	45%	48%
■ International Equity	6.3%	25%	25%
■ US Fixed Income	2.4%	25%	20%
■ Real Estate	5.4%	5%	7%
■ Cash	n/a	0%	0%
■ Expected Annual Real Return		5.2%	5.4%

¹¹ Expected real rates of return for OPEB fund provided by MainePERS.



STATE PLAN ASSETS

Expected Rate of Return Illustration

Rate of Return	Expected Return	
	Target	3/31/10 Actual
■ Expected Annual Real Return	5.2%	5.4%
■ Assumed Inflation	<u>3.0%</u>	<u>3.0%</u>
■ Inflation Adjusted Expected Annual Return	8.2%	8.4%
■ Investment & Administrative Expenses ¹²	<u>(0.1%)</u>	<u>(0.1%)</u>
■ Expected Net Annual Return	8.1%	8.3%
■ Estimated Adjustment for Geometric Return ¹³	<u>(0.7%)</u>	<u>(0.7%)</u>
■ Expected Net Geometric Return	7.4%	7.6%
■ Valuation State Ultimate Discount Rate	7.5%	7.5%

¹² OPEB investment and administrative expenses were approximately .085% of beginning year market value of assets for 2008/09 and .105% of beginning year market value of assets for 2009/10.

¹³ Expected long-term geometric or compound return is estimated as 70 basis points lower than arithmetic or annual return. (Geometric return for several years is lower than arithmetic return for 1 year. For example, a 10% return for 1 year followed by a -10% return for the next year is -1% rather than 0% for the 2-year period, that is, 110% x 90% = 99%.)



ACTUARIAL ASSUMPTIONS HIGHLIGHTS

Assumption	June 30, 2009 Roll-Forward	March 31, 2010 Valuation																												
<ul style="list-style-type: none"> ■ Valuation Date 	<ul style="list-style-type: none"> • June 30, 2008 roll-forward to June 30, 2009 • Updated assets and premiums • 2009/10 ARC 	<ul style="list-style-type: none"> • March 31, 2010 • 2010/11 and 2011/12 ARCs 																												
<ul style="list-style-type: none"> ■ Discount Rate 	<ul style="list-style-type: none"> • State - select & ultimate discount rates based on current ARC phase-in funding policy: <table border="1" style="margin-left: auto; margin-right: auto; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center;"><u>Fiscal Year</u></th> <th style="text-align: center;"><u>Discount Rate</u></th> <th style="text-align: center;"><u>Fiscal Year</u></th> <th style="text-align: center;"><u>Discount Rate</u></th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">2008/09</td> <td style="text-align: center;">4.5%</td> <td style="text-align: center;">2014/15</td> <td style="text-align: center;">6.3%</td> </tr> <tr> <td style="text-align: center;">2009/10</td> <td style="text-align: center;">4.8%</td> <td style="text-align: center;">2015/16</td> <td style="text-align: center;">6.6%</td> </tr> <tr> <td style="text-align: center;">2010/11</td> <td style="text-align: center;">5.1%</td> <td style="text-align: center;">2016/17</td> <td style="text-align: center;">6.9%</td> </tr> <tr> <td style="text-align: center;">2011/12</td> <td style="text-align: center;">5.4%</td> <td style="text-align: center;">2017/18</td> <td style="text-align: center;">7.2%</td> </tr> <tr> <td style="text-align: center;">2012/13</td> <td style="text-align: center;">5.7%</td> <td style="text-align: center;">2018/19+</td> <td style="text-align: center;">7.5%</td> </tr> <tr> <td style="text-align: center;">2013/14</td> <td style="text-align: center;">6.0%</td> <td></td> <td></td> </tr> </tbody> </table> <ul style="list-style-type: none"> • Teachers and Ancillary Groups - 4.5% expected long-term rate of return on State's Cash Pool based on a pay-as-you-go funding policy 		<u>Fiscal Year</u>	<u>Discount Rate</u>	<u>Fiscal Year</u>	<u>Discount Rate</u>	2008/09	4.5%	2014/15	6.3%	2009/10	4.8%	2015/16	6.6%	2010/11	5.1%	2016/17	6.9%	2011/12	5.4%	2017/18	7.2%	2012/13	5.7%	2018/19+	7.5%	2013/14	6.0%		
<u>Fiscal Year</u>	<u>Discount Rate</u>	<u>Fiscal Year</u>	<u>Discount Rate</u>																											
2008/09	4.5%	2014/15	6.3%																											
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2013/14	6.0%																													



ACTUARIAL ASSUMPTIONS HIGHLIGHTS

Assumption	June 30, 2009 Roll-Forward	March 31, 2010 Valuation
<ul style="list-style-type: none"> ■ General Inflation 	<ul style="list-style-type: none"> • 3.75% annually • MainePERS 6/30/08 valuation inflation assumption was 4.5% • Not used for valuation 	<ul style="list-style-type: none"> • 3% annually • MainePERS 6/30/09 valuation inflation assumption was 4.5% • Basis for aggregate payroll and discount rate assumptions
<ul style="list-style-type: none"> ■ Aggregate Payroll Increases 	<ul style="list-style-type: none"> • 4.75% annually • MainePERS 6/30/08 valuation assumption was 4.75% • Used for amortization and Normal Cost calculation 	<ul style="list-style-type: none"> • 3.25% • MainePERS 6/30/09 valuation assumption was 4.75% • Used for amortization and Normal Cost calculation
<ul style="list-style-type: none"> ■ State Average Monthly Net Claims Cost 	<ul style="list-style-type: none"> • Average HMO Choice net claims cost for 6/30/08 valuation: <ul style="list-style-type: none"> ➢ Equal to State premium rates based on blended active and retiree experience ➢ \$648 per month for retiree ➢ \$707 per month for spouse 	<ul style="list-style-type: none"> • Average HMO Choice net claims cost for 3/31/10 valuation: <ul style="list-style-type: none"> ➢ Based on 2009 retiree claims ➢ Includes 1% load for stop/loss premium and admin expenses ➢ \$1,160 per month for retiree ➢ \$1,160 per month for spouse



ACTUARIAL ASSUMPTIONS HIGHLIGHTS

Assumption	June 30, 2009 Roll-Forward				March 31, 2010 Valuation			
■ Healthcare Cost Increases for State Employees		HMO		Medicare		HMO		Medicare
	<u>Year</u>	<u>Choice</u>	<u>Year</u>	<u>Plan</u>	<u>Year</u>	<u>Choice</u>	<u>Year</u>	<u>Plan</u>
	2009/10	Premium	2010	13.0%*	2009/10	N/A	2010	Premium
	2010/11	8.00%*	2011	9.0%*	2010/11	Claim	2011	10.5%
	2011/12	7.80%	2012	8.1%	2011/12	8.0%*	2012	9.5%
	2012/13	7.25%	2013	7.5%	2012/13	9.1%	2013	8.5%
	2013/14	6.70%	2014	6.9%	2013/14	8.2%	2014	7.5%
	2014/15	6.15%	2015	6.3%	2014/15	7.3%	2015	6.5%
	2015/16	5.60%	2016	5.7%	2015/16	6.3%	2016	5.5%
	2016/17	5.05%	2017	5.1%	2016/17	5.4%	2017	4.5%
2017/18	4.50%	2018	4.5%	2017/18	4.5%	2018	4.5%	
	* State estimate				* State estimated 8% premium increases reflecting recently implemented cost-saving measures.			



ACTUARIAL ASSUMPTIONS HIGHLIGHTS

Assumption	June 30, 2009 Roll-Forward				March 31, 2010 Valuation			
■ Healthcare Cost Increases for Teachers		HMO	Blue	Medicare		HMO	Blue	Medicare
	<u>Year</u>	<u>Choice</u>	<u>Choice</u>	<u>Plan</u>	<u>Year</u>	<u>Choice</u>	<u>Choice</u>	<u>Plan</u>
	2009/10	Premium	Premium	Premium	2009/10	N/A	N/A	N/A
	2010/11	9.0%*	9.00%*	9.00%*	2010/11	Premium	Premium	Premium
	2011/12	9.2%	9.50%	9.50%	2011/12	10.0%*	10.0%*	10.5%
	2012/13	8.5%	8.75%	8.75%	2012/13	9.1%	9.1%	9.5%
	2013/14	7.8%	8.00%	8.00%	2013/14	8.2%	8.2%	8.5%
	2014/15	7.1%	7.25%	7.25%	2014/15	7.3%	7.3%	7.5%
	2015/16	6.4%	6.50%	6.50%	2015/16	6.3%	6.3%	6.5%
	2016/17	5.7%	5.75%	5.75%	2016/17	5.4%	5.4%	5.5%
2017/18	5.0%	5.00%	5.00%	2017/18	4.5%	4.5%	4.5%	
	* State estimate				* State estimate			
■ Participation at Retirement	<ul style="list-style-type: none"> • State - 95% for future retirees and surviving spouses • Teachers - 75% for future retirees 				<ul style="list-style-type: none"> • State - 95% for future retirees and 20% for surviving spouses • Teachers - 75% for future retirees 			



STATE EMPLOYEES RESULTS

Actuarial Obligations

(Amounts in Millions)

Actuarial Obligations	6/30/09 Roll-Forward			3/31/10 Valuation		
	Cash Subsidy	Implied Subsidy	Total	Cash Subsidy	Implied Subsidy	Total
■ Present Value of Benefits						
• Actives	\$ 610	\$ 193	\$ 803	\$ 608	\$ 226	\$ 834
• Retirees	<u>526</u>	<u>196</u>	<u>722</u>	<u>547</u>	<u>285</u>	<u>832</u>
• Total	1,136	389	1,525	1,155	511	1,666
■ Actuarial Accrued Liability						
• Actives	431	158	589	438	180	618
• Retirees	<u>526</u>	<u>196</u>	<u>722</u>	<u>547</u>	<u>285</u>	<u>832</u>
• Total	957	354	1,311	985	465	1,450
■ Actuarial Value of Assets ¹⁴	<u>(60)</u>	<u>(22)</u>	<u>(82)</u>	<u>(70)</u>	<u>(33)</u>	<u>(103)</u>
■ Unfunded UAAL	897	332	1,229	915	432	1,347
■ Normal Cost	23	6	29	23	6	29

¹⁴ Allocated in proportion to the AAL.



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STATE EMPLOYEES RESULTS

Annual Required Contribution (ARC)

(Amounts in Millions)

Annual Required Contribution	6/30/09 Roll-Forward	3/31/10 Valuation	
	2009/10 ARC	2010/11 ARC	2011/12 ARC
■ ARC - \$			
• Normal Cost	\$ 29	\$ 29	\$ 30
• UAAL Amortization	<u>61</u>	<u>91</u>	<u>99</u>
• ARC	90	120	129
■ Projected Payroll	595	549 ¹⁵	567
■ ARC - %			
• Normal Cost	4.9%	5.3%	5.3%
• UAAL Amortization	<u>10.3%</u>	<u>16.5%</u>	<u>17.4%</u>
• ARC	15.2%	21.8%	22.7%

¹⁵ Estimated payroll as of 3/31/10 increased for ¼ year using the valuation aggregate pay increase assumption of 3.25%.



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STATE EMPLOYEES RESULTS

Actuarial Gains & Losses

(Amounts in Millions)

Actuarial Gains & Losses	NC%	AAL	(AVA)	UAAL
■ 6/30/09 Actual	4.9%	\$ 1,311	\$ (82)	\$ 1,229
■ 6/30/10 Expected	4.9%	1,342	(115)	1,227
■ Experience Losses (Gains):				
• Actual versus Expected Premiums & Claims	0.5%	124	n/a	124
• Demographic & Other	0.3%	(45)	n/a	(45)
• Contribution Loss	n/a	n/a	31	31
• Investment Loss (Gain)	n/a	n/a	(11)	(11)
■ Assumption Changes:				
• Medical Trend & Claims Cost	0.3%	57	n/a	57
• Aggregate Payroll Increase Rate	(0.5%)	32	n/a	32
• Spouse Participation	(0.3%)	(40)	n/a	(40)
• Other Demographic Assumptions	<u>0.1%</u>	<u>(14)</u>	<u>n/a</u>	<u>(14)</u>
■ Total Changes	0.4%	114	20	134
■ 6/30/10 Projected	5.3%	1,456	(95)	1,361



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STATE EMPLOYEES RESULTS

Unfunded Actuarial Accrued Liability Amortization Balances

(Amounts in Millions)

Amortization Base	Original Bases			Remaining Bases 6/30/2010		2010/11 Amortization Payment
	Date	Years	Amount	Years	Balance	
■ Fresh Start UAAL	6/30/08	30	\$ 1,144	28	\$ 1,149	\$ 65
■ Experience Losses (Gains)	6/30/09	10	83	9	78	10
	6/30/10	10	99	10	99	12
■ Assumption Changes	6/30/10	10	35	10	<u>35</u>	<u>4</u>
■ Projected Unfunded AAL	6/30/10				1,361	91
■ Projected Unfunded AAL ¹⁶	6/30/10			30	1,361	74

¹⁶ Total amortization payment cannot be less than the UAAL amortized over 30 years.



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STATE EMPLOYEES RESULTS

Estimated Net OPEB Obligation (NOO) Illustration

(Amounts in Millions)

Estimated Net OPEB Obligation	CAFR 2007/08	CAFR 2008/09	Estimated 2009/10	Estimated 2010/11
■ NOO at Beginning of Year	\$ 0	\$ (55)	\$ (29)	\$ 8
■ Annual OPEB Cost (AOC)				
• Annual Required Contribution	111	77	90	120
• Interest on NOO	0	(2)	(1)	0
• Amortization of NOO ¹⁷	<u>(0)</u>	<u>2</u>	<u>3</u>	<u>(1)</u>
• Annual OPEB Cost	111	77	92	119
■ Contributions				
• Benefit Payments Outside of Trust				
➢ Cash Payments & Admin Fees ¹⁸	(41)	(38)	(42)	(47)
➢ Implied Subsidy Payments	(25)	(12)	(13)	(22)
• Trust Pre-Funding	<u>(100)</u>	<u>(0)</u>	<u>(0)</u>	<u>(10)</u>
• Total Contribution	(166)	(50)	(55)	(79)
■ NOO at End of Year	(55)	(29)	8	48

¹⁷ NOO amortized over average weighted remaining experience gain or loss period for 2009/10 and 2010/11.

¹⁸ Payments from CAFR for 2007/08 and 2008/09. Payments per State for 2009/10. Valuation estimate for 2010/11.



STATE EMPLOYEES RESULTS

Contribution & Expense Projection

(Amounts in Millions)

Fiscal Year	Begin Year NOO ¹⁹	ARC	Annual OPEB Cost (AOC)	Contribution			Contrib % of ARC	Payroll	ARC as % of Payroll	Contrib % of Payroll
				Benefit Pmts	Pre Funding	Total Contrib				
2010/11	\$ 8	\$ 120	\$ 119	\$ 69	\$ 10	\$ 79	66%	\$ 549	21.9%	14.4%
2011/12	48	129	126	76	16	92	71%	567	22.8%	16.2%
2012/13	81	138	132	82	22	104	75%	585	23.6%	17.8%
2013/14	109	147	138	89	29	118	80%	604	24.3%	19.5%
2014/15	129	155	145	95	36	131	85%	624	24.8%	21.0%
2015/16	143	164	151	102	43	145	88%	644	25.5%	22.5%
2016/17	148	172	157	108	51	159	92%	665	25.9%	23.9%
2017/18	146	180	162	113	60	173	96%	687	26.2%	25.2%
2018/19	135	187	167	117	70	187	100%	709	26.4%	26.4%
2019/20	116	179	157	122	57	179	100%	732	24.5%	24.5%

¹⁹ Gains and losses amortized over 10-year fixed (closed) periods for ARC. NOO amortized over average weighted remaining ARC gain and loss amortization period.



STATE EMPLOYEES RESULTS

Benefit Payment Projection

(Amounts in Millions)

Fiscal Year	Cash Subsidy	Implied Subsidy	Total
2010/11	\$ 47	\$ 22	\$ 69
2011/12	52	24	76
2012/13	56	26	82
2013/14	61	28	89
2014/15	65	30	95
2015/16	70	32	102
2016/17	74	34	108
2017/18	77	36	113
2018/19	80	37	117
2019/20	83	39	122



STATE EMPLOYEES RESULTS

2010/11 Implied Subsidy Transfer Illustration

(Amounts in Millions)

Before GASB 45	Actives	Retirees	Total
■ Total Premium/Claims ²⁰	\$ 167	\$ 57	\$ 224
■ Employee Contribution ²¹	<u>(21)</u>	<u>(10)</u>	<u>(31)</u>
■ State Contribution	146	47	193

After GASB 45	Actives	Retirees	Total
■ Total Premium/Claims	\$ 167	\$ 57	\$ 224
■ Employee Contribution	(21)	(10)	(31)
■ Implied Subsidy Transfer	<u>(22)</u>	<u>22</u>	<u>-</u>
■ State Contribution	124	69	193

²⁰ Estimated premium/claims based on the 3/31/10 valuation data and 2010/11 medical premiums and estimated claims cost.

²¹ Assumes State pays full active employee premium plus 1/3 of the dependent premium.



TEACHERS RESULTS

Actuarial Obligations

(Amounts in Millions)

Actuarial Obligations	6/30/09 Roll-Forward			3/31/10 Valuation		
	Cash Subsidy	Implied Subsidy	Total	Cash Subsidy	Implied Subsidy	Total
■ Present Value of Benefits						
• Actives	\$ 866	n/a	\$ 866	\$ 818	n/a	\$ 818
• Retirees	<u>336</u>	<u>n/a</u>	<u>336</u>	<u>352</u>	<u>n/a</u>	<u>352</u>
• Total	1,202	n/a	1,202	1,170	n/a	1,170
■ Actuarial Accrued Liability						
• Actives	658	n/a	658	642	n/a	642
• Retirees	<u>336</u>	<u>n/a</u>	<u>336</u>	<u>352</u>	<u>n/a</u>	<u>352</u>
• Total	994	n/a	994	994	n/a	994
■ Actuarial Value of Assets	<u>-</u>	<u>n/a</u>	<u>-</u>	<u>-</u>	<u>n/a</u>	<u>-</u>
■ Unfunded UAAL	994	n/a	994	994	n/a	994
■ Normal Cost	24	n/a	24	20	n/a	20



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TEACHERS RESULTS

Annual Required Contribution (ARC)

(Amounts in Millions)

Annual Required Contribution	6/30/09 Roll-Forward	3/31/10 Valuation	
	2009/10 ARC	2010/11 ARC	2011/12 ARC
■ ARC - \$			
• Normal Cost	\$ 24	\$ 20	\$ 21
• UAAL Amortization	<u>34</u>	<u>41</u>	<u>46</u>
• ARC	58	61	67
■ Projected Payroll	1,215	1,064 ²²	1,098
■ ARC - %			
• Normal Cost	2.0%	1.9%	1.9%
• UAAL Amortization	<u>2.8%</u>	<u>3.8%</u>	<u>4.2%</u>
• ARC	4.8%	5.7%	6.1%

²² Estimated payroll as of 3/31/10 increased for ¼ year using the valuation aggregate pay increase assumption of 3.25%.



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TEACHERS RESULTS

Actuarial Gains & Losses

(Amounts in Millions)

Actuarial Gains & Losses	NC%	AAL	(AVA)	UAAL
■ 6/30/09 Actual	2.0%	\$ 994	\$ -	\$ 994
■ 6/30/10 Expected	2.0%	1,042	(36)	1,006
■ Experience Losses (Gains):				
• Actual versus Expected Premiums & Claims	(0.2%)	(62)	n/a	(62)
• Demographic & Other	0.4%	19	n/a	19
• Contribution Loss	n/a	n/a	36	36
• Investment Loss (Gain)	n/a	n/a	n/a	n/a
■ Assumption Changes:				
• Medical Trend & Claims Cost	(0.2%)	(31)	n/a	(31)
• Aggregate Payroll Increase Rate	(0.2%)	32	n/a	32
• Other Demographic Assumptions	<u>0.1%</u>	<u>5</u>	<u>n/a</u>	<u>5</u>
■ Total Changes	(0.1%)	(37)	36	(1)
■ 6/30/10 Projected	1.9%	1,005	-	1,005



TEACHERS RESULTS

Unfunded Actuarial Accrued Liability Amortization Balances

(Amounts in Millions)

Amortization Base	Original Bases			Remaining Bases 6/30/2010		2010/11 Amortization Payment
	Date	Years	Amount	Years	Balance	
■ Fresh Start UAAL	6/30/08	30	\$ 1,044	28	\$ 1,067	\$ 47
■ Experience Losses (Gains)	6/30/09	15	(62)	14	(61)	(5)
	6/30/10	15	(7)	15	(7)	(1)
■ Assumption Changes	6/30/10	20	6	15	<u>6</u>	<u>0</u>
■ Projected Unfunded AAL	6/30/10				1,005	41
■ Projected Unfunded AAL ²³	6/30/10			30	1,005	41

²³ Total amortization payment cannot be less than the UAAL amortized over 30 years.



TEACHERS RESULTS

Estimated Net OPEB Obligation (NOO) Illustration

(Amounts in Millions)

Estimated Net OPEB Obligation	CAFR 2007/08	CAFR 2008/09	Estimated 2009/10	Estimated 2010/11
■ NOO at Beginning of Year	\$ 0	\$ 28	\$ 70	\$ 107
■ Annual OPEB Cost (AOC)				
• Annual Required Contribution	46	60	58	61
• Interest on NOO ²⁴	0	1	3	5
• Amortization of NOO	<u>(0)</u>	<u>(1)</u>	<u>(5)</u>	<u>(8)</u>
• Annual OPEB Cost	46	60	55	58
■ Contributions				
• Benefit Payments Outside of Trust				
➢ Cash Payments & Admin Fees ²⁵	(18)	(18)	(19)	(21)
➢ Implied Subsidy Payments	(0)	(0)	(0)	(0)
• Trust Pre-Funding	<u>(0)</u>	<u>(0)</u>	<u>(0)</u>	<u>(0)</u>
• Total Contribution	(18)	(18)	(19)	(21)
■ NOO at End of Year	28	70	107	144

²⁴ NOO amortized over average weighted experience gain or loss period for 2009/10 and 2010/11.

²⁵ Payments from CAFR for 2007/08 and 2008/09. Payments per State for 2009/10. Valuation estimate for 2010/11.



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TEACHERS RESULTS

Contribution & Expense Projection

(Amounts in Millions)

Fiscal Year	Begin Year NOO ²⁶	ARC	Annual OPEB Cost (AOC)	Contribution			Contrib % of ARC	Payroll	ARC as % of Payroll	Contrib % of Payroll
				Benefit Pmts	Pre-Funding	Total Contrib				
2010/11	\$ 107	\$ 61	\$ 58	\$ 21	\$ -	\$ 21	34%	\$ 1,064	5.7%	2.0%
2011/12	144	67	62	25	-	25	37%	1,098	6.1%	2.3%
2012/13	181	72	66	29	-	29	40%	1,134	6.3%	2.6%
2013/14	219	78	70	32	-	32	41%	1,171	6.7%	2.7%
2014/15	257	84	74	36	-	36	43%	1,209	6.9%	3.0%
2015/16	294	90	78	40	-	40	44%	1,248	7.2%	3.2%
2016/17	332	97	82	43	-	43	44%	1,289	7.5%	3.3%
2017/18	371	104	86	46	-	46	44%	1,331	7.8%	3.5%
2018/19	411	112	91	49	-	49	44%	1,374	8.2%	3.6%
2019/20	452	120	95	52	-	52	43%	1,418	8.5%	3.7%

²⁶ Gains and losses amortized over 15-year fixed (closed) periods for ARC. NOO amortized over average weighted ARC gain and loss amortization period.



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TEACHERS RESULTS

Benefit Payment Projection

(Amounts in Millions)

Fiscal Year	Cash Subsidy	Implied Subsidy	Total
2010/11	\$ 21	n/a	\$ 21
2011/12	25	n/a	25
2012/13	29	n/a	29
2013/14	32	n/a	32
2014/15	36	n/a	36
2015/16	40	n/a	40
2016/17	43	n/a	43
2017/18	46	n/a	46
2018/19	49	n/a	49
2019/20	52	n/a	52



TEACHERS RESULTS



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MAINE EDUCATIONAL CENTER FOR THE DEAF

Actuarial Obligations

(Amounts in Thousands)

Actuarial Obligations	6/30/09 Roll-Forward			3/31/10 Valuation		
	Cash Subsidy	Implied Subsidy	Total	Cash Subsidy	Implied Subsidy	Total
■ Present Value of Benefits						
• Actives	\$ 4,417	\$ 1,090	\$ 5,507	\$ 4,083	\$ 1,035	\$ 5,118
• Retirees	<u>620</u>	<u>311</u>	<u>931</u>	<u>1,391</u>	<u>746</u>	<u>2,137</u>
• Total	5,037	1,401	6,438	5,474	1,781	7,255
■ Actuarial Accrued Liability						
• Actives	2,916	873	3,789	2,597	774	3,371
• Retirees	<u>620</u>	<u>311</u>	<u>931</u>	<u>1,391</u>	<u>746</u>	<u>2,137</u>
• Total	3,536	1,184	4,720	3,988	1,520	5,508
■ Actuarial Value of Assets	-	-	-	-	-	-
■ Unfunded UAAL	3,536	1,183	4,720	3,988	1,520	5,508
■ Normal Cost	190	33	223	176	34	210



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MAINE EDUCATIONAL CENTER FOR THE DEAF

Annual Required Contribution (ARC)

(Amounts in Thousands)

Annual Required Contribution	6/30/09 Roll-Forward	3/31/10 Valuation	
	2009/10 ARC	2010/11 ARC	2011/12 ARC
■ ARC - \$			
• Normal Cost	\$ 223	\$ 210	\$ 217
• UAAL Amortization	<u>193</u>	<u>295</u>	<u>333</u>
• ARC	416	505	550
■ Projected Payroll	3,321	2,624	2,709
■ ARC - %			
• Normal Cost	6.7%	8.0%	8.0%
• UAAL Amortization	<u>5.8%</u>	<u>11.2%</u>	<u>12.3%</u>
• ARC	12.5%	19.2%	20.3%



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Actuarial Gains & Losses

(Amounts in Thousands)

Actuarial Gains & Losses	NC%	AAL	(AVA)	UAAL
■ 6/30/09 Actual	6.7%	\$ 4,720	\$ -	\$ 4,720
■ 6/30/10 Expected	6.7%	5,083	(342)	4,741
■ Experience Losses (Gains):				
• Actual versus Expected Premiums & Claims	0.6%	217	n/a	217
• Demographic & Other	0.8%	38	n/a	38
• Contribution Loss	n/a	n/a	342	342
• Investment Loss (Gain)	n/a	n/a	n/a	n/a
■ Assumption Changes:				
• Medical Trend & Claims Cost	0.2%	211	n/a	211
• Aggregate Payroll Increase Rate	(0.3%)	173	n/a	173
• Spouse Participation	(0.2%)	(83)	n/a	(83)
• Other Demographic Assumptions	<u>0.2%</u>	<u>(50)</u>	<u>n/a</u>	<u>(50)</u>
■ Total Changes	1.3%	506	342	848
■ 6/30/10 Projected	8.0%	5,589	-	5,589



Unfunded Actuarial Accrued Liability Amortization Balances

(Amounts in Thousands)

Amortization Base	Original Bases			Remaining Bases 6/30/2010		2010/11 Amortization Payment
	Date	Years	Amount	Years	Balance	
■ Initial UAAL	6/30/07	30	\$ 3,814	27	\$ 3,896	\$ 176
■ Experience Losses (Gains)	6/30/08	15	(127)	13	(121)	(10)
	6/30/09	15	474	14	463	37
	6/30/10	15	597	15	597	45
■ Assumption Changes	6/30/08	20	511	18	503	32
	6/30/10	20	251	20	<u>251</u>	<u>15</u>
■ Projected Unfunded AAL	6/30/10				5,589	295
■ Projected Unfunded AAL ²⁷	6/30/10			30	5,589	231

²⁷ Total amortization payment cannot be less than the UAAL amortized over 30 years.



MAINE EDUCATIONAL CENTER FOR THE DEAF

Estimated Net OPEB Obligation (NOO) Illustration

(Amounts in Thousands)

Estimated Net OPEB Obligation	Estimated 2007/08	Estimated 2008/09	Estimated 2009/10	Estimated 2010/11
■ NOO at Beginning of Year	\$ 0	\$ 358	\$ 645	\$ 950
■ Annual OPEB Cost (AOC)				
• Annual Required Contribution	394	353	416	505
• Interest on NOO	0	16	29	43
• Amortization of NOO ²⁸	<u>(0)</u>	<u>(24)</u>	<u>(46)</u>	<u>(72)</u>
• Annual OPEB Cost	394	345	399	476
■ Contributions				
• Benefit Payments Outside of Trust				
➤ Cash Payments ²⁹	(22)	(45)	(78)	(87)
➤ Implied Subsidy Payments	(14)	(13)	(16)	(37)
• Trust Pre-Funding	<u>(0)</u>	<u>(0)</u>	<u>(0)</u>	<u>(0)</u>
• Total Contribution	(36)	(58)	(94)	(124)
■ NOO at End of Year	358	645	950	1,302

²⁸ NOO amortized over average weighted remaining experience gain or loss period for 2009/10 and 2010/11.

²⁹ Payments per State for 2007/08, 2008/09, and 2009/10 (prorated for 12 months). Valuation estimate for 2010/11.



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MAINE EDUCATIONAL CENTER FOR THE DEAF

Contribution & Expense Projection

(Amounts in Thousands)

Fiscal Year	Begin Year NOO³⁰	ARC	Annual OPEB Cost (AOC)	Contribution			Contrib % of ARC	Payroll	ARC as % of Payroll	Contrib % of Payroll
				Benefit Pmts	Pre-Funding	Total Contrib				
2010/11	\$ 950	\$ 505	\$ 476	\$ 124	\$ -	\$ 124	25%	\$ 2,624	19.2%	4.7%
2011/12	1,302	550	510	157	-	157	29%	2,709	20.3%	5.8%
2012/13	1,654	597	543	201	-	201	34%	2,797	21.3%	7.2%
2013/14	1,996	647	576	225	-	225	35%	2,888	22.4%	7.8%
2014/15	2,347	700	610	252	-	252	36%	2,982	23.5%	8.4%
2015/16	2,705	757	645	299	-	299	39%	3,078	24.6%	9.7%
2016/17	3,051	816	680	291	-	291	36%	3,179	25.7%	9.2%
2017/18	3,440	882	718	321	-	321	36%	3,282	26.9%	9.8%
2018/19	3,838	953	758	349	-	349	37%	3,388	28.1%	10.3%
2019/20	4,246	1,030	798	372	-	372	36%	3,499	29.4%	10.6%

³⁰ Gains and losses amortized over 15-year fixed (closed) periods for ARC. NOO amortized over average weighted remaining ARC gain and loss amortization period.



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Benefit Payment Projection
(Amounts in Thousands)

Fiscal Year	Cash Subsidy	Implied Subsidy	Total
2010/11	\$ 87	\$ 37	\$ 124
2011/12	107	50	157
2012/13	133	68	201
2013/14	151	74	225
2014/15	169	83	252
2015/16	198	101	299
2016/17	203	88	291
2017/18	228	93	321
2018/19	253	96	349
2019/20	271	101	372



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Actuarial Obligations

(Amounts in Thousands)

Actuarial Obligations	6/30/09 Roll-Forward			3/31/10 Valuation		
	Cash Subsidy	Implied Subsidy	Total	Cash Subsidy	Implied Subsidy	Total
■ Present Value of Benefits						
• Actives	\$ 201	\$ 5	\$ 206	\$ 220	\$ 22	\$ 242
• Retirees	<u>201</u>	<u>37</u>	<u>238</u>	<u>57</u>	<u>-</u>	<u>57</u>
• Total	402	42	444	277	22	299
■ Actuarial Accrued Liability						
• Actives	102	1	103	84	5	89
• Retirees	<u>201</u>	<u>37</u>	<u>238</u>	<u>57</u>	<u>-</u>	<u>57</u>
• Total	303	38	341	141	5	146
■ Actuarial Value of Assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
■ Unfunded UAAL	303	38	341	141	5	146
■ Normal Cost	14	-	14	14	1	15



Annual Required Contribution (ARC)

(Amounts in Thousands)

Annual Required Contribution	6/30/09 Roll-Forward	3/31/10 Valuation	
	2009/10 ARC	2010/11 ARC	2011/12 ARC
■ ARC - \$			
• Normal Cost	\$14	\$ 15	\$ 15
• UAAL Amortization	<u>18</u>	<u>8</u>	<u>10</u>
• ARC	33	23	25
■ Projected Payroll	305	290	300
■ ARC - %			
• Normal Cost	4.7%	5.1%	5.1%
• UAAL Amortization	<u>6.0%</u>	<u>2.8%</u>	<u>3.2%</u>
• ARC	10.7%	7.9%	8.3%



Actuarial Gains & Losses

(Amounts in Thousands)

Actuarial Gains & Losses	NC%	AAL	(AVA)	UAAL
■ 6/30/09 Actual	4.7%	\$ 341	\$ -	\$ 341
■ 6/30/10 Expected	4.7%	358	(19)	339
■ Experience Losses (Gains):				
• Actual versus Expected Premiums & Claims	0.2%	3	n/a	3
• Demographic & Other	(0.4%)	(220)	n/a	(220)
• Contribution Loss	n/a	n/a	19	19
• Investment Loss (Gain)	n/a	n/a	n/a	n/a
■ Assumption Changes:				
• Medical Trend & Claims Cost	0.2%	5	n/a	5
• Aggregate Payroll Increase Rate	0.3%	8	n/a	8
• Spouse Participation	0.0%	-	n/a	-
• Other Demographic Assumptions	<u>0.1%</u>	<u>(4)</u>	<u>n/a</u>	<u>(4)</u>
■ Total Changes	0.4%	(208)	19	(189)
■ 6/30/10 Projected	5.1%	150	-	150



Unfunded Actuarial Accrued Liability Amortization Balances

(Amounts in Thousands)

Amortization Base	Original Bases			Remaining Bases 6/30/2010		2010/11 Amortization Payment
	Date	Years	Amount	Years	Balance	
■ Initial UAAL	6/30/07	30	\$ 130	27	\$ 132	\$ 6
■ Experience Losses (Gains)	6/30/08	15	119	13	113	10
	6/30/09	15	35	14	34	3
	6/30/10	15	(198)	15	(198)	(15)
■ Assumption Changes	6/30/08	20	60	18	59	4
	6/30/10	20	9	20	<u>9</u>	<u>1</u>
■ Projected Unfunded AAL	6/30/10				150	8
■ Projected Unfunded AAL ³¹	6/30/10			30	150	6

³¹ Total amortization payment cannot be less than the UAAL amortized over 30 years.



Estimated Net OPEB Obligation (NOO) Illustration

(Amounts in Thousands)

Estimated Net OPEB Obligation	Estimated 2007/08	Estimated 2008/09	Estimated 2009/10	Estimated 2010/11
■ NOO at Beginning of Year	\$ 0	\$ 13	\$ 36	\$ 63
■ Annual OPEB Cost (AOC)				
• Annual Required Contribution	17	29	33	23
• Interest on NOO	0	1	2	3
• Amortization of NOO ³²	(0)	(1)	(2)	(5)
• Annual OPEB Cost	17	28	32	21
■ Contributions				
• Benefit Payments Outside of Trust				
➢ Cash Payments & Admin Fees ³³	(4)	(5)	(3)	(3)
➢ Implied Subsidy Payments	(1)	(1)	(1)	(0)
• Trust Pre-Funding	(0)	(0)	(0)	(0)
• Total Contribution	(4)	(6)	(4)	(3)
■ NOO at End of Year	13	36	63	81

³² NOO amortized over average weighted experience gain or loss period for 2009/10 and 2010/11.

³³ Payments per State for 2007/08, 2008/09, and 2009/10 (prorated for 12 months). Valuation estimate for 2010/11.



Contribution & Expense Projection

(Amounts in Thousands)

Fiscal Year	Begin Year NOO ³⁴	ARC	Annual OPEB Cost (AOC)	Contribution			Contrib % of ARC	Payroll	ARC as % of Payroll	Contrib % of Payroll
				Benefit Pmts	Pre-Funding	Total Contrib				
2010/11	\$ 63	\$ 23	\$ 21	\$ 3	\$ -	\$ 3	13%	\$ 290	7.9%	1.0%
2011/12	81	25	22	4	-	4	16%	300	8.3%	1.3%
2012/13	99	27	24	4	-	4	15%	309	8.7%	1.3%
2013/14	119	30	25	4	-	4	13%	320	9.4%	1.3%
2014/15	140	33	27	5	-	5	15%	330	10.0%	1.5%
2015/16	162	36	29	7	-	7	19%	341	10.6%	2.1%
2016/17	184	39	31	8	-	8	21%	352	11.1%	2.3%
2017/18	207	43	33	9	-	9	21%	363	11.8%	2.5%
2018/19	231	47	35	9	-	9	19%	375	12.5%	2.4%
2019/20	257	51	37	10	-	10	20%	387	13.2%	2.6%

³⁴ Gains and losses amortized over 15-year fixed (closed) periods for ARC. NOO amortized over average weighted remaining ARC gain and loss amortization period.



Benefit Payment Projection

(Amounts in Thousands)

Fiscal Year	Cash Subsidy	Implied Subsidy	Total
2010/11	\$ 3	\$ -	\$ 3
2011/12	4	-	4
2012/13	4	-	4
2013/14	4	-	4
2014/15	5	-	5
2015/16	7	-	7
2016/17	8	-	8
2017/18	8	-	9
2018/19	9	-	9
2019/20	9	1	10



ACTUARIAL CERTIFICATION

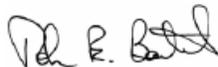
This report presents the State of Maine Retiree Healthcare Plan for State Employees and Teachers (“Plan”) March 31, 2010 actuarial valuation. The purpose of this valuation is to:

- Determine the Plan’s Benefit Obligations and Funded Status as of March 31, 2010 under Governmental Accounting Standards Board Statement Nos. 43 and 45, and
- Calculate the Annual Required Contributions for fiscal years 2010/11 and 2011/12.

The valuation is based on Plan provisions, participant data, claims, contribution policy, and asset information provided by the State and Anthem and summarized in this report. We reviewed the participant data and claims for reasonableness but did not perform an audit. The valuation was prepared using generally accepted actuarial principles and practices and the actuarial methods and assumptions summarized in this report. The assumptions represent our best estimate of expected future experience. Some of the assumptions used are based on the MainePERS June 30, 2009 actuarial valuation assumptions. The healthcare claims cost and healthcare cost increase assumption were reviewed by a qualified healthcare plan actuary.

This report presents Bartel Associates’ best estimate of the Plan’s liabilities, funded status, and costs in accordance with our understanding of GASB 43 and 45. The information presented in this report is intended to be used to satisfy the requirements of GASB 43 and 45 and for no other purpose. The undersigned are members of the American Academy of Actuaries and meet Academy Qualification Standards to render the actuarial results and opinions in this report.

Respectfully submitted,



John E. Bartel, ASA, EA, MAAA, FCA
 President
 Bartel Associates, LLC
 November 19, 2010



Joseph R. D’Onofrio, FSA, EA, MAAA, FCA
 Assistant Vice President
 Bartel Associates, LLC
 November 19, 2010



Catherine A. Wandro, ASA, MAAA
 Assistant Vice President
 Bartel Associates, LLC
 November 19, 2010



EXHIBITS

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EXHIBITS



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PREMIUMS

State Employees' Health Plans
Monthly Premiums

Actives and Non-Medicare Eligible Retirees

Medical Plan	Year	Single	2-Party	Family	Participant w/Child(ren)
HMO Choice	2008/09	\$648.10	\$1,355.00	\$1,612.10	\$1,065.84
	2009/10	686.66	1,435.96	1,708.50	1,129.46
	2010/11	727.54	1,521.78	1,810.70	1,196.90

Medicare Eligible Retirees

Medical Plan	Year	Single	2-Party	Family	Participant w/Child(ren)
Group Companion	2008/09	\$320.10	\$634.70	\$988.14	\$673.54
Advantra Freedom PFFS	2009	237.42	469.34	n/a	n/a
Anthem SmartValue PFFS	2010	269.28	533.06	n/a	n/a



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PREMIUMS

Teachers' Health Plans
Monthly Premiums

Active and Non-Medicare Eligible Retirees

Medical Plan	Year	Single	2-Party	Family	Participant w/Child(ren)
HMO Choice (MEA Choice Plus)	2008/09	\$528.40	\$1,190.91	\$1,449.51	\$935.16
	2009/10	528.40	1,190.91	1,449.51	935.16
	2010/11	538.97	1,214.73	1,478.50	953.86
Blue Choice (MEA Standard Plan)	2008/09	570.61	1,286.19	1,565.47	1,009.96
	2009/10	570.61	1,286.19	1,565.47	1,009.96
	2010/11	582.02	1,311.91	1,596.78	1,030.16

Medicare Eligible Retirees

Medical Plan	Year	Single	2-Party	Family	Participant w/Child(ren)
Group Companion	2008/09	\$321.36	\$674.55	n/a	n/a
	2009/10	321.36	674.55	n/a	n/a
	2010/11	321.36	674.55	n/a	n/a



November 19, 2010

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CLAIMS

State HMO Choice Average Claim Per Covered Person Non-Medicare Retirees

1/1/09 - 12/31/09

■ Claims for Retiree & Spouse	
• Medical Claims	\$ 37,848,000
• Rx Claims	<u>8,767,000</u>
• Total Claims	46,615,000
■ Average Covered Persons	
• Retirees	3,664
• Spouses	<u>346</u>
• Total	4,010
■ Period	12 months
■ Average Monthly Claim Per Covered Person	969
■ Average Monthly Claim Trended to 1/1/11 ³⁵	1,148
■ Average Monthly Net Claims Cost ³⁶	1,160

³⁵ Average monthly claim per person increased to the middle of the 2010/11 fiscal year using a 12% medical trend rate.

³⁶ Loaded 1% for stop/loss premium and administrative expenses.



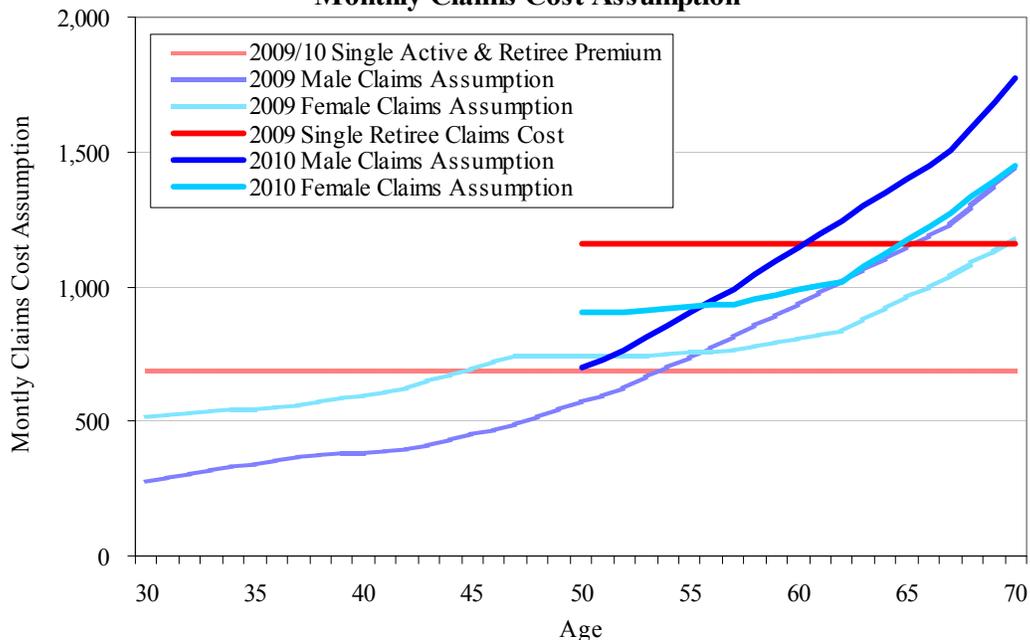
November 19, 2010

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CLAIMS

State HMO Choice Monthly Claims Cost Assumption



November 19, 2010

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PARTICIPANT STATISTICS

Active Employee Plan & Coverage Elections

March 31, 2010

State Employees

Medical Plan	Single	2-Party	Family	EE + Child	EE + Children	FLES³⁷	Total
HMO Choice	6,296	1,768	2,256	928	847	602	12,697
Comp Care ³⁸	<u>17</u>	<u>1</u>	<u>-</u>	<u>1</u>	<u>4</u>	<u>-</u>	<u>23</u>
Total	6,313	1,769	2,256	929	851	602	12,720

Teachers

Medical Plan	Single	2-Party	Family	EE + Child	EE + Children	FLES	Total
HMO Choice	9,673	3,485	5,177	1,412	1,774	n/a	21,521
Blue Choice	2,846	1,213	1,002	275	293	n/a	5,629
Group Companion	<u>9</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	n/a	<u>9</u>
Total	12,528	4,698	6,179	1,687	2,067	n/a	27,159

³⁷ State employees or retirees married to other State employees or retirees and valued as single coverage.

³⁸ Included with HMO Choice for purposes of the valuation.



PARTICIPANT STATISTICS

Retiree Plan & Coverage Elections

March 31, 2010

State Employees

Medical Plan	Single	2-Party	Family	EE + Child	EE + Children	FLES³⁹	Total
HMO Choice	3,111	279	27	96	30	15	3,558
Comp Care ⁴⁰	132	6	1	1	1	-	141
Medicare PFFS ⁴¹	<u>n/a</u>	<u>n/a</u>	<u>n/a</u>	<u>n/a</u>	<u>n/a</u>	<u>n/a</u>	<u>5,221</u>
Total	3,243	285	28	97	31	15	8,920

Teachers

Medical Plan	Single	2-Party	Family	EE + Child	EE + Children	FLES	Total
HMO Choice	1,406	241	19	11	8	n/a	1,685
Blue Choice	1,834	191	12	16	3	n/a	2,056
Group Companion	4,528	1,102	-	-	-	n/a	5,630
Medigap B ⁴²	<u>8</u>	<u>2</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>n/a</u>	<u>10</u>
Total	7,776	1,536	31	27	11	n/a	9,381

³⁹ State employees or retirees married to other State employees or retirees and valued as single coverage.

⁴⁰ Included with HMO Choice for purposes of the valuation.

⁴¹ Medical coverage election not provided for State retirees in Medicare PFFS plan.

⁴² Included with Group Companion for purposes of the valuation.



PARTICIPANT STATISTICS

State Actives by Age and Service
Excluding Actives Without Hire Dates

Age	Service							Total
	< 1	1-4	5-9	10-14	15-19	20-24	≥ 25	
< 25	61	121	13	-	-	-	-	195
25-29	96	351	202	4	-	-	-	653
30-34	83	298	394	156	4	-	-	935
35-39	66	265	386	313	114	24	-	1,168
40-44	80	245	327	287	211	289	21	1,460
45-49	81	252	369	258	212	496	284	1,952
50-54	67	255	366	254	206	408	673	2,229
55-59	49	197	263	213	157	353	756	1,988
60-64	25	107	197	114	122	169	302	1,036
≥ 65	1	23	62	32	22	55	82	277
Total	609	2,114	2,579	1,631	1,048	1,794	2,118	11,893



PARTICIPANT STATISTICS

Teacher Actives by Age and Service⁴³
Excluding Actives Without Hire Dates

Age	Service							Total
	< 1	1-4	5-9	10-14	15-19	20-24	≥ 25	
< 25	101	255	22	-	-	-	-	378
25-29	104	779	761	32	-	-	-	1,676
30-34	64	325	795	655	24	-	-	1,863
35-39	31	277	410	657	628	2	-	2,005
40-44	41	240	409	420	785	341	10	2,246
45-49	23	182	393	400	393	672	461	2,524
50-54	27	138	370	443	486	492	1,242	3,198
55-59	20	115	245	355	469	598	1,882	3,684
60-64	10	58	134	148	262	412	951	1,975
≥ 65	1	13	30	37	38	57	181	357
Total	422	2,382	3,569	3,147	3,085	2,574	4,727	19,906

⁴³ Excludes actives with missing hire dates.



PARTICIPANT STATISTICS

State Actives by Age and Service⁴⁴ Including Actives With Assumed Hire Dates

Age	Service							Total
	< 1	1-4	5-9	10-14	15-19	20-24	≥ 25	
< 25	61	147	13	-	-	-	-	221
25-29	96	410	202	4	-	-	-	712
30-34	83	298	446	156	4	-	-	987
35-39	66	265	453	313	114	24	-	1,235
40-44	80	245	327	383	211	289	21	1,556
45-49	81	252	369	258	326	496	284	2,066
50-54	67	255	366	254	362	408	673	2,385
55-59	50	196	263	213	157	497	756	2,132
60-64	25	107	197	114	203	169	302	1,117
≥ 65	1	23	62	32	54	55	82	309
Total	610	2,198	2,698	1,727	1,431	1,938	2,118	12,720

⁴⁴ Includes actives with missing hire dates.



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PARTICIPANT STATISTICS

Teacher Actives by Age and Service⁴⁵ Including Actives With Assumed Hire Dates

Age	Service							Total
	< 1	1-4	5-9	10-14	15-19	20-24	≥ 25	
< 25	101	352	22	-	-	-	-	475
25-29	104	1,008	762	31	-	-	-	1,905
30-34	65	324	1,044	654	24	-	-	2,111
35-39	31	277	411	1,061	628	2	-	2,410
40-44	41	240	409	1,152	785	341	10	2,978
45-49	23	182	394	399	1,515	672	461	3,646
50-54	27	138	372	441	486	1,877	1,242	4,583
55-59	20	115	246	354	469	1,898	1,882	4,984
60-64	10	58	134	148	262	1,506	951	3,069
≥ 65	1	13	30	37	38	57	822	998
Total	423	2,707	3,824	4,277	4,207	6,353	5,368	27,159

⁴⁵ Includes actives with missing hire dates.



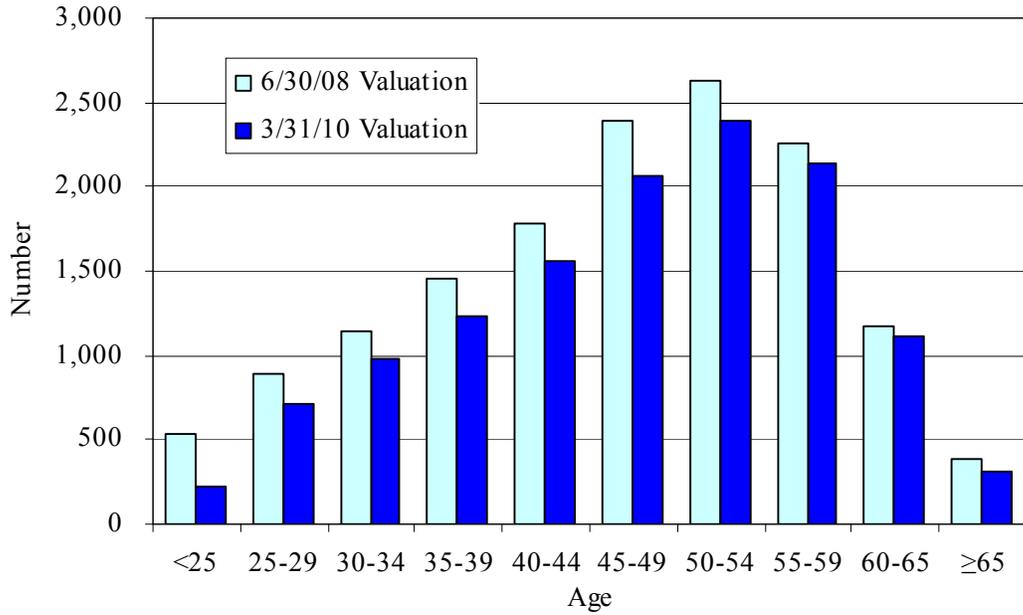
November 19, 2010

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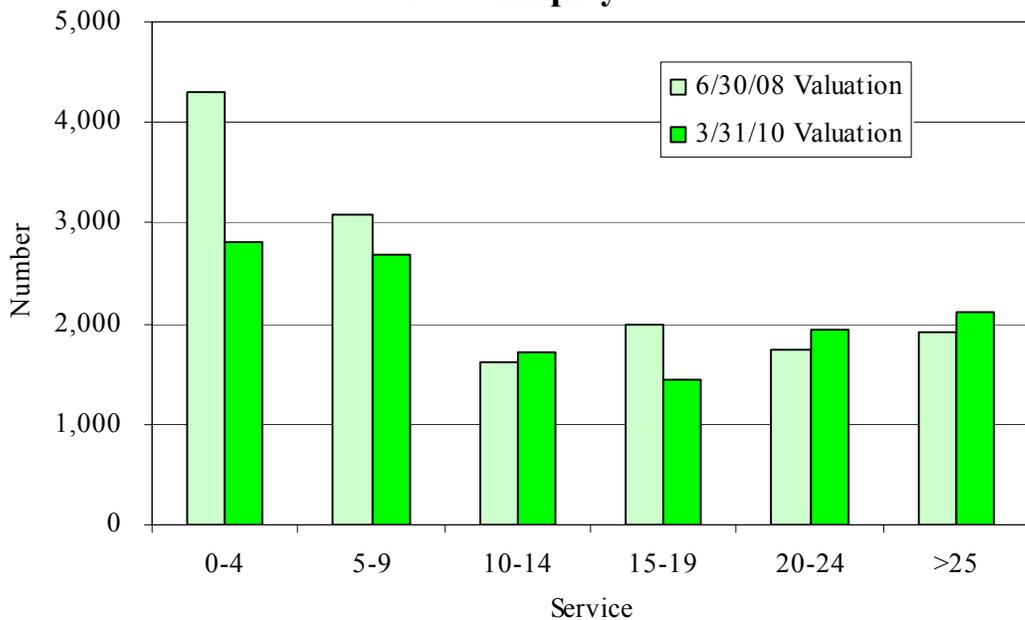
PARTICIPANT STATISTICS

Active Age Distribution
State Employees



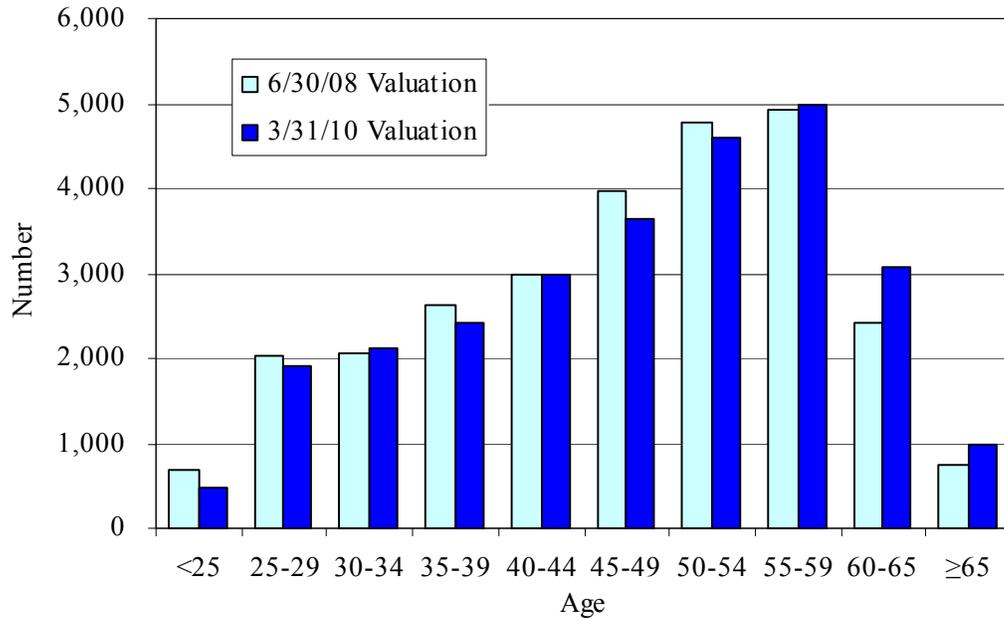
PARTICIPANT STATISTICS

Active Service Distribution
State Employees



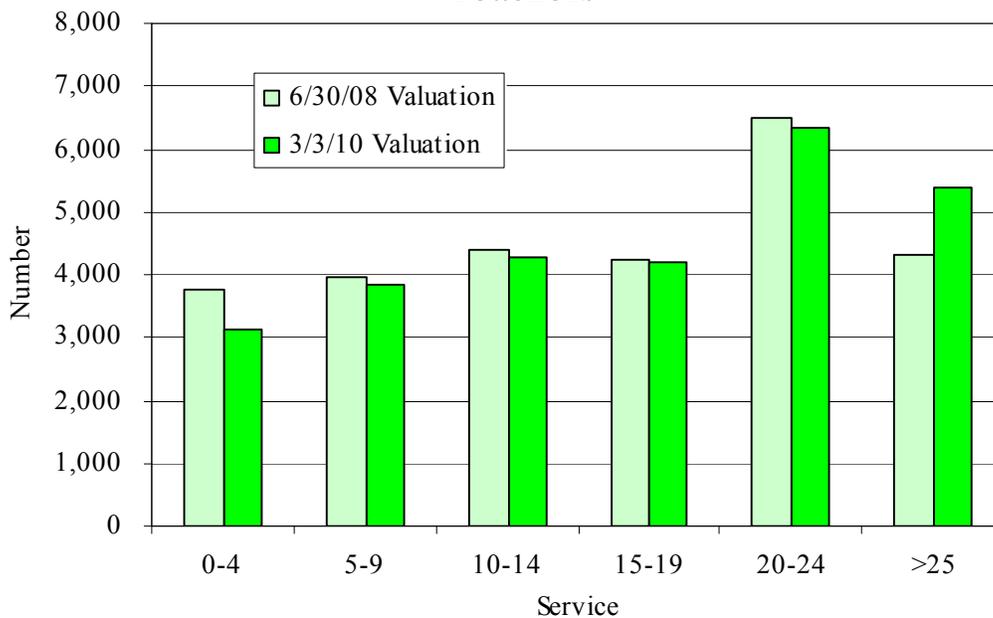
PARTICIPANT STATISTICS

Active Age Distribution Teachers



PARTICIPANT STATISTICS

Active Service Distribution Teachers



PARTICIPANT STATISTICS

State Retiree Healthcare Coverage by Age Group
March 31, 2010

Age	Single	2-Party	Family	FLES ⁴⁶	PFFS ⁴⁷	Total
Under 50	107	2	23	6	1	139
50-54	335	23	29	3	7	397
55-59	740	54	46	4	8	852
60-64	1,498	160	51	2	48	1,759
65-69	177	17	5	-	1,292	1,491
70-74	174	12	-	-	1,089	1,275
75-79	106	12	2	-	1,052	1,172
80-84	60	4	-	-	933	997
Over 85	46	1	-	-	791	838
Total	3,243	285	156	15	5,221	8,920

Average Age	70.9	62.5	56.9	52.1	76.5	70.3
< 65 Election %	85%	8%	5%	0%	2%	100%
≥ 65 Election %	10%	1%	0%	0%	89%	100%
Total Election %	36%	3%	2%	0%	59%	100%

⁴⁶ State retirees married to other State employees or retirees.

⁴⁷ Medical coverage election not provided for State retirees in Medicare PFFS plan.



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PARTICIPANT STATISTICS

Teachers Retiree Healthcare Coverage by Age Group
March 31, 2010

Age	Single	2-Party	Family	Total
Under 50	25	2	7	34
50-54	80	10	9	99
55-59	549	87	24	660
60-64	1,965	303	27	2,295
65-69	1,884	309	1	2,194
70-74	1,180	356	-	1,536
75-79	877	246	1	1,124
80-84	542	157	-	699
Over 85	674	66	-	740
Total	7,776	1,536	69	9,381

Average Age	70.3	71.0	58.2	70.3
< 65 Election %	85%	13%	2%	100%
≥ 65 Election %	82%	18%	0%	100%
Total Election %	83%	16%	1%	100%



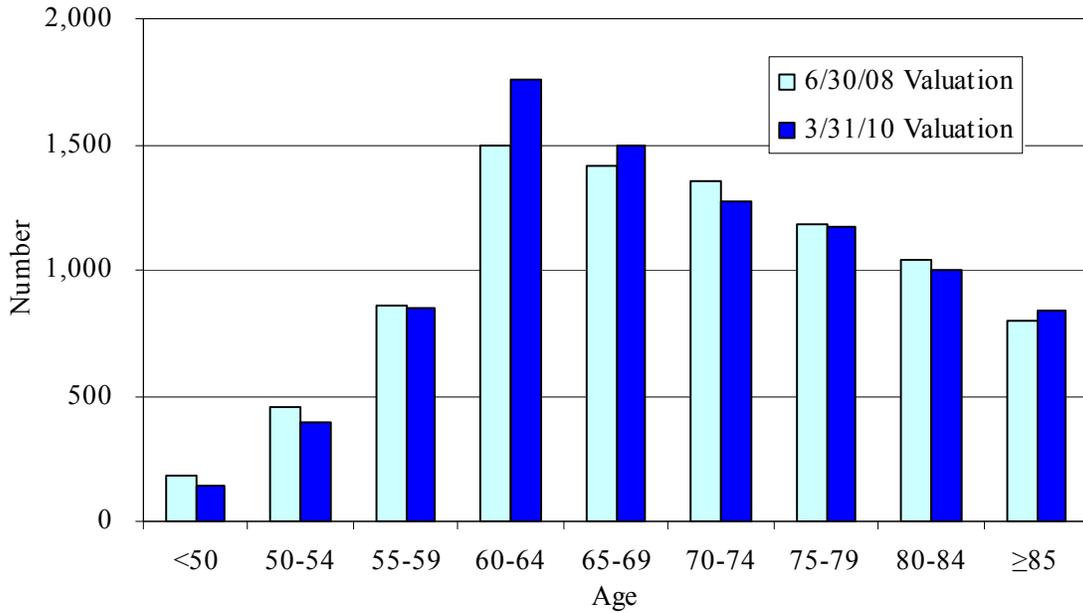
November 19, 2010

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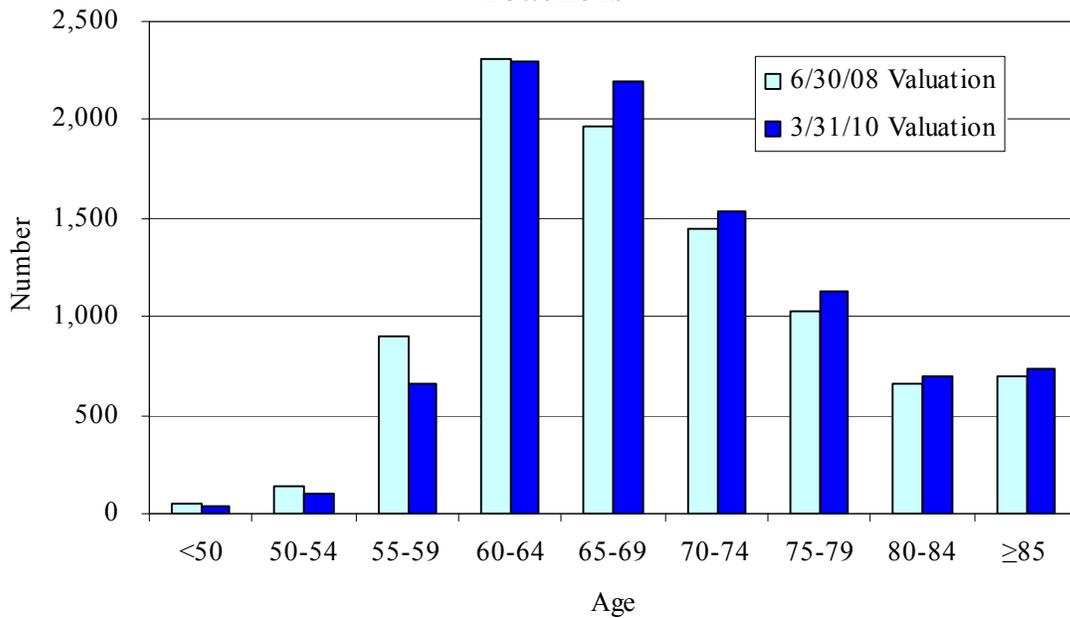
PARTICIPANT STATISTICS

**Retiree Age Distribution
State Employees**



PARTICIPANT STATISTICS

**Retiree Age Distribution
Teachers**



ACTUARIAL ASSUMPTIONS

Assumption	June 30, 2009 Roll-Forward	March 31, 2010 Valuation																												
<p>■ Valuation Date</p>	<ul style="list-style-type: none"> • June 30, 2008 roll-forward to June 30, 2009 • Updated assets and premiums • 2009/10 ARC 	<ul style="list-style-type: none"> • March 31, 2010 • 2010/11 and 2011/12 ARCs 																												
<p>■ Discount Rate</p>	<ul style="list-style-type: none"> • State - select & ultimate discount rates based on current ARC phase-in funding policy: <table style="margin-left: auto; margin-right: auto; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center;"><u>Fiscal Year</u></th> <th style="text-align: center;"><u>Discount Rate</u></th> <th style="text-align: center;"><u>Fiscal Year</u></th> <th style="text-align: center;"><u>Discount Rate</u></th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">2008/09</td> <td style="text-align: center;">4.5%</td> <td style="text-align: center;">2014/15</td> <td style="text-align: center;">6.3%</td> </tr> <tr> <td style="text-align: center;">2009/10</td> <td style="text-align: center;">4.8%</td> <td style="text-align: center;">2015/16</td> <td style="text-align: center;">6.6%</td> </tr> <tr> <td style="text-align: center;">2010/11</td> <td style="text-align: center;">5.1%</td> <td style="text-align: center;">2016/17</td> <td style="text-align: center;">6.9%</td> </tr> <tr> <td style="text-align: center;">2011/12</td> <td style="text-align: center;">5.4%</td> <td style="text-align: center;">2017/18</td> <td style="text-align: center;">7.2%</td> </tr> <tr> <td style="text-align: center;">2012/13</td> <td style="text-align: center;">5.7%</td> <td style="text-align: center;">2018/19+</td> <td style="text-align: center;">7.5%</td> </tr> <tr> <td style="text-align: center;">2013/14</td> <td style="text-align: center;">6.0%</td> <td></td> <td></td> </tr> </tbody> </table> <ul style="list-style-type: none"> • Teachers and Ancillary Groups - 4.5% expected long-term rate of return on State's Cash Pool based on a pay-as-you-go funding policy 		<u>Fiscal Year</u>	<u>Discount Rate</u>	<u>Fiscal Year</u>	<u>Discount Rate</u>	2008/09	4.5%	2014/15	6.3%	2009/10	4.8%	2015/16	6.6%	2010/11	5.1%	2016/17	6.9%	2011/12	5.4%	2017/18	7.2%	2012/13	5.7%	2018/19+	7.5%	2013/14	6.0%		
<u>Fiscal Year</u>	<u>Discount Rate</u>	<u>Fiscal Year</u>	<u>Discount Rate</u>																											
2008/09	4.5%	2014/15	6.3%																											
2009/10	4.8%	2015/16	6.6%																											
2010/11	5.1%	2016/17	6.9%																											
2011/12	5.4%	2017/18	7.2%																											
2012/13	5.7%	2018/19+	7.5%																											
2013/14	6.0%																													



ACTUARIAL ASSUMPTIONS

Assumption	June 30, 2009 Roll-Forward	March 31, 2010 Valuation
<p>■ General Inflation</p>	<ul style="list-style-type: none"> • 3.75% annually • MainePERS 6/30/08 valuation inflation assumption was 4.5% • Not used for valuation 	<ul style="list-style-type: none"> • 3% annually • MainePERS 6/30/09 valuation inflation assumption was 4.5% • Basis for aggregate payroll and discount rate assumptions
<p>■ Aggregate Payroll Increases</p>	<ul style="list-style-type: none"> • 4.75% annually • MainePERS 6/30/08 valuation assumption was 4.75% • Used for amortization and Normal Cost calculation 	<ul style="list-style-type: none"> • 3.25% • MainePERS 6/30/09 valuation assumption was 4.75% • Used for amortization and Normal Cost calculation



ACTUARIAL ASSUMPTIONS

Assumption	June 30, 2009 Roll-Forward	March 31, 2010 Valuation														
■ Merit and Longevity Pay Increases	<ul style="list-style-type: none"> MainePERS 6/30/08 valuation report assumption <table border="1"> <thead> <tr> <th><u>Service</u></th> <th><u>State & Teachers</u></th> </tr> </thead> <tbody> <tr><td>0</td><td>5.25%</td></tr> <tr><td>5</td><td>2.75%</td></tr> <tr><td>10</td><td>1.32%</td></tr> <tr><td>15</td><td>0.53%</td></tr> <tr><td>20</td><td>0.15%</td></tr> <tr><td>25+</td><td>0.00%</td></tr> </tbody> </table> <ul style="list-style-type: none"> Interpolated for intermediate years of service 0% for Legislative and Judicial 	<u>Service</u>	<u>State & Teachers</u>	0	5.25%	5	2.75%	10	1.32%	15	0.53%	20	0.15%	25+	0.00%	<ul style="list-style-type: none"> MainePERS 6/30/09 valuation report assumption Same as prior OPEB valuation assumption Added to aggregate payroll increase assumption and used for Normal Cost calculation
	<u>Service</u>	<u>State & Teachers</u>														
0	5.25%															
5	2.75%															
10	1.32%															
15	0.53%															
20	0.15%															
25+	0.00%															



ACTUARIAL ASSUMPTIONS

Assumption	June 30, 2009 Roll-Forward				March 31, 2010 Valuation				
■ Healthcare Cost Increases for State Employees		<u>HMO</u>		<u>Medicare</u>		<u>HMO</u>		<u>Medicare</u>	
		<u>Year</u>	<u>Choice</u>	<u>Year</u>	<u>Plan</u>	<u>Year</u>	<u>Choice</u>	<u>Year</u>	<u>Plan</u>
		2009/10	Premium	2010	13.0%*	2009/10	N/A	2010	Premium
		2010/11	8.00%*	2011	9.0%*	2010/11	Claim	2011	10.5%
		2011/12	7.80%	2012	8.1%	2011/12	8.0%*	2012	9.5%
		2012/13	7.25%	2013	7.5%	2012/13	9.1%	2013	8.5%
		2013/14	6.70%	2014	6.9%	2013/14	8.2%	2014	7.5%
		2014/15	6.15%	2015	6.3%	2014/15	7.3%	2015	6.5%
		2015/16	5.60%	2016	5.7%	2015/16	6.3%	2016	5.5%
		2016/17	5.05%	2017	5.1%	2016/17	5.4%	2017	4.5%
	2017/18	4.50%	2018	4.5%	2017/18	4.5%	2018	4.5%	
	* State estimate				* State estimated 8% premium increases reflecting recently implemented cost-saving measures.				



ACTUARIAL ASSUMPTIONS

Assumption	June 30, 2009 Roll-Forward				March 31, 2010 Valuation			
	Year	HMO Choice Premium	Blue Choice Premium	Medicare Plan Premium	Year	HMO Choice Premium	Blue Choice Premium	Medicare Plan Premium
■ Healthcare Cost Increases for Teachers	2009/10	Premium	Premium	Premium	2009/10	N/A	N/A	N/A
	2010/11	9.0%*	9.00%*	9.00%*	2010/11	Premium	Premium	Premium
	2011/12	9.2%	9.50%	9.50%	2011/12	10.0%*	10.0%*	10.5%
	2012/13	8.5%	8.75%	8.75%	2012/13	9.1%	9.1%	9.5%
	2013/14	7.8%	8.00%	8.00%	2013/14	8.2%	8.2%	8.5%
	2014/15	7.1%	7.25%	7.25%	2014/15	7.3%	7.3%	7.5%
	2015/16	6.4%	6.50%	6.50%	2015/16	6.3%	6.3%	6.5%
	2016/17	5.7%	5.75%	5.75%	2016/17	5.4%	5.4%	5.5%
	2017/18	5.0%	5.00%	5.00%	2017/18	4.5%	4.5%	4.5%
	* State estimate				* State estimate			



ACTUARIAL ASSUMPTIONS

Assumption	June 30, 2009 Roll-Forward			March 31, 2010 Valuation		
	Age	Male	Female	Age	Male	Female
■ State Average Monthly Net Claims Cost	<ul style="list-style-type: none"> • Average HMO Choice net claims cost: <ul style="list-style-type: none"> ➢ Equal to State premium rates based on blended active and retiree experience ➢ \$648 per month for retiree ➢ \$707 per month for spouse • Claims cost by age: 			<ul style="list-style-type: none"> • Average HMO Choice net claims cost: <ul style="list-style-type: none"> ➢ Based on 2009 retiree claims ➢ Includes 1% load for stop/loss premium and admin expenses ➢ \$1,160 per month for retiree ➢ \$1,160 per month for spouse • Claims cost by age: 		
	<p align="center">HMO Choice Retiree Monthly Claims</p>			<p align="center">HMO Choice Retiree Monthly Claims</p>		



ACTUARIAL ASSUMPTIONS

Assumption	June 30, 2009 Roll-Forward	March 31, 2010 Valuation
■ State Age-Related Claims Cost Relative Factors	HMO Choice <u>Retiree and Spouse</u>	<ul style="list-style-type: none"> • Same
	<u>Age</u> <u>Male</u> <u>Female</u>	
	50-55 51% 71%	
	55-60 66% 73%	
	60-65 83% 80%	
	65-70 100% 100%	
	70-75 130% 122%	
	75-80 151% 144%	
80-85 160% 160%		
	<ul style="list-style-type: none"> • Used to allocate average net claims cost by age and gender 	



ACTUARIAL ASSUMPTIONS

Assumption	June 30, 2009 Roll-Forward	March 31, 2010 Valuation
■ Mortality for Healthy Lives	<ul style="list-style-type: none"> • MainePERS 6/30/08 valuation report assumption 	<ul style="list-style-type: none"> • MainePERS 6/30/09 valuation assumption • Same as prior OPEB valuation assumption, but rates provided by MainePERS actuary at each age
	<u>State</u> <u>Teachers</u>	
	<u>Age</u> <u>Male</u> <u>Female</u> <u>Male</u> <u>Female</u>	
	20 0.05% 0.03% 0.05% 0.03%	
	25 0.07% 0.03% 0.06% 0.03%	
	30 0.09% 0.04% 0.07% 0.03%	
	35 0.09% 0.05% 0.08% 0.04%	
	40 0.12% 0.08% 0.10% 0.06%	
	45 0.17% 0.10% 0.14% 0.09%	
	50 0.28% 0.15% 0.24% 0.13%	
	55 0.48% 0.25% 0.40% 0.21%	
	60 0.86% 0.48% 0.73% 0.41%	
	65 1.56% 0.93% 1.33% 0.79%	
70 2.55% 1.48% 2.17% 1.25%		
	<ul style="list-style-type: none"> • Interpolated for intermediate ages 	



ACTUARIAL ASSUMPTIONS

Assumption	June 30, 2009 Roll-Forward	March 31, 2010 Valuation		
■ Mortality for Disabled Lives	<ul style="list-style-type: none"> Same as MainePERS 6/30/08 valuation report assumption 	<ul style="list-style-type: none"> MainePERS 6/30/09 valuation assumption Same as prior OPEB valuation assumption, but rates provided by MainePERS actuary at each age 		
	<u>State & Teachers</u>			
	<u>Age</u>		<u>Male</u>	<u>Female</u>
	25		0.92%	0.72%
	30		1.12%	0.89%
	35		1.34%	1.09%
	40		1.60%	1.26%
	45		1.93%	1.44%
	50		2.36%	1.65%
	55		2.95%	1.91%
	60		3.62%	2.26%
65	4.46%	2.72%		
70	5.76%	3.31%		
	<ul style="list-style-type: none"> Interpolated for intermediate ages 			



ACTUARIAL ASSUMPTIONS

Assumption	June 30, 2009 Roll-Forward	March 31, 2010 Valuation		
■ Termination	<ul style="list-style-type: none"> Same as MainePERS 6/30/08 valuation report assumption 	<ul style="list-style-type: none"> MainePERS 6/30/09 valuation assumption Same as prior OPEB valuation assumption, but rates provided by MainePERS actuary at each year of service or age 		
	<u>Service</u>		<u>State</u>	<u>Teachers</u>
	0		30.0%	37.0%
	5		7.5%	12.5%
	10		4.4%	6.0%
	15		3.5%	4.5%
	20		2.0%	3.0%
	25		2.0%	2.0%
	<u>Age</u>		<u>Legislative</u>	<u>Judicial</u>
	25		7.0%	7.0%
	30		6.0%	6.0%
	35		5.0%	5.0%
	40		4.0%	4.0%
	45		3.0%	3.0%
	50		2.0%	2.0%
	55		1.0%	1.0%
			<ul style="list-style-type: none"> Interpolated for intermediate years of service or ages 	



ACTUARIAL ASSUMPTIONS

Assumption	June 30, 2009 Roll-Forward	March 31, 2010 Valuation																																					
■ Disability Incidence	<ul style="list-style-type: none"> Same as MainePERS 6/30/08 valuation report assumption 	<ul style="list-style-type: none"> MainePERS 6/30/09 valuation assumption Same as prior OPEB valuation assumption, but rates provided by MainePERS actuary at each age 																																					
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ACTUARIAL ASSUMPTIONS

Assumption	June 30, 2009 Roll-Forward	March 31, 2010 Valuation																																																																	
■ Service Retirement	<ul style="list-style-type: none"> Same as MainePERS 6/30/08 valuation report assumption 	<ul style="list-style-type: none"> MainePERS 6/30/09 valuation assumption Same as prior OPEB valuation assumption, but rates provided by MainePERS actuary at each age Some rates inconsistent with valuation report sample rates Valuation report sample rates used and interpolated for inconsistent rates 																																																																	
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<ul style="list-style-type: none"> Legislative: Tier 1 - Age 60 Tier 2 - Age 62 Judicial: Tier 1 - Age 60 Tier 2 - 50% per year starting at age 62 																																																																			



ACTUARIAL ASSUMPTIONS

Assumption	June 30, 2009 Roll-Forward	March 31, 2010 Valuation																																				
<ul style="list-style-type: none"> ■ Service Retirement Interpolation 	<ul style="list-style-type: none"> • Valuation report sample rates interpolated for intermediate ages 	<ul style="list-style-type: none"> • Rates at each age provided by MainePERS actuary • Some rates inconsistent with valuation report sample rates • Valuation report sample rates interpolated for these ages 																																				
<ul style="list-style-type: none"> ■ Expected Retirement Age 	<table border="0"> <thead> <tr> <th></th> <th align="center" colspan="2">Hire</th> </tr> <tr> <th><u>Group</u></th> <th><u>Age</u></th> <th><u>ERA</u></th> </tr> </thead> <tbody> <tr> <td>State Tier 1</td> <td align="center">24</td> <td align="center">57</td> </tr> <tr> <td>State Tier 2</td> <td align="center">36</td> <td align="center">64</td> </tr> <tr> <td>Teachers Tier 1</td> <td align="center">30</td> <td align="center">60</td> </tr> <tr> <td>Teachers Tier 2</td> <td align="center">32</td> <td align="center">62</td> </tr> </tbody> </table>		Hire		<u>Group</u>	<u>Age</u>	<u>ERA</u>	State Tier 1	24	57	State Tier 2	36	64	Teachers Tier 1	30	60	Teachers Tier 2	32	62	<table border="0"> <thead> <tr> <th></th> <th align="center" colspan="2">Hire</th> </tr> <tr> <th><u>Group</u></th> <th><u>Age</u></th> <th><u>ERA</u></th> </tr> </thead> <tbody> <tr> <td>State Tier 1</td> <td align="center">23</td> <td align="center">57</td> </tr> <tr> <td>State Tier 2</td> <td align="center">35</td> <td align="center">63</td> </tr> <tr> <td>Teachers Tier 1</td> <td align="center">25</td> <td align="center">59</td> </tr> <tr> <td>Teachers Tier 2</td> <td align="center">30</td> <td align="center">61</td> </tr> </tbody> </table>		Hire		<u>Group</u>	<u>Age</u>	<u>ERA</u>	State Tier 1	23	57	State Tier 2	35	63	Teachers Tier 1	25	59	Teachers Tier 2	30	61
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<ul style="list-style-type: none"> ■ Medicare Eligible Rate 	<ul style="list-style-type: none"> • Future retirees: <ul style="list-style-type: none"> > Hired < 4/1/86 - 75% > Hired ≥ 4/1/86 - 100% • Current retirees < 65 - 87.5% • Current retirees ≥ 65 - 75% 	<ul style="list-style-type: none"> • Same 																																				



ACTUARIAL ASSUMPTIONS

Assumption	June 30, 2009 Roll-Forward	March 31, 2010 Valuation
<ul style="list-style-type: none"> ■ Medical Plan at Retirement 	<ul style="list-style-type: none"> • Medicare eligible: <ul style="list-style-type: none"> > Current plan election before Medicare eligibility > Medicare plan after Medicare eligibility • Non Medicare eligible – current plan election 	<ul style="list-style-type: none"> • Same
<ul style="list-style-type: none"> ■ Coverage Election at Retirement 	<ul style="list-style-type: none"> • Current coverage election 	<ul style="list-style-type: none"> • Same
<ul style="list-style-type: none"> ■ Participation at Retirement 	<ul style="list-style-type: none"> • State - 95% for future retirees and surviving spouses • Teachers - 75% for future retirees 	<ul style="list-style-type: none"> • State - 95% for future retirees and 20% for surviving spouses • Teachers - 75% for future retirees
<ul style="list-style-type: none"> ■ Marital Status 	<ul style="list-style-type: none"> • Based on current coverage election • Waived – 80% married 	<ul style="list-style-type: none"> • Based on current coverage election • Waivers - no waivers reported



ACTUARIAL ASSUMPTIONS

Assumption	June 30, 2009 Roll-Forward	March 31, 2010 Valuation
<ul style="list-style-type: none"> ■ Spouse Age 	<ul style="list-style-type: none"> ● Current actives - males 3 years older than females ● Current Teacher retirees - males 3 years older than females if spouse birth date not provided 	<ul style="list-style-type: none"> ● Current actives - males 3 years older than females ● Current retirees - males 3 years older than females, no retiree spouse birth dates provided
<ul style="list-style-type: none"> ■ State Part-Time Employees 	<ul style="list-style-type: none"> ● Hired < 3/1/08 and not participating assumed part-time employees ● 25% of part-time employees assumed eligible for 100% State contribution 	<ul style="list-style-type: none"> ● Part-time employees eligible for same State contribution as full-time employees per plan operation
<ul style="list-style-type: none"> ■ Ineligible Teachers 	<ul style="list-style-type: none"> ● Ineligible Teachers assumed equal to 10% of all Teachers ● 1/3 of ineligible Teachers assumed to receive State contribution at retirement ● Assumption per State 	<ul style="list-style-type: none"> ● Same



ACTUARIAL ASSUMPTIONS

Assumption	June 30, 2009 Roll-Forward	March 31, 2010 Valuation
<ul style="list-style-type: none"> ■ Data Assumptions 	<ul style="list-style-type: none"> ● 900 State employees and 7,770 Teachers missing hire dates – average service by age group ● 357 State employees and 7,889 Teachers missing pay – average pay by age/service group ● 33 State employees missing birth dates – average birth date ● Ineligible State elected officials – assume none in data ● 9,743 Teachers in the State data file that did not have matching records in Anthem data file – not included in valuation 	<ul style="list-style-type: none"> ● 827 State employees and 7,253 Teachers missing hire dates – average service by age group ● Ineligible State elected officials – assume none in data ● Active employees with waived health insurance coverage – small group per State and not included in valuation ● Maine School Management Association (Aetna insurance) – data not provided by State and not included in valuation



ACTUARIAL METHODS

Method	June 30, 2009 Roll-Forward	March 31, 2010 Valuation
■ Cost Method	<ul style="list-style-type: none"> ● Entry Age Normal 	<ul style="list-style-type: none"> ● Same
■ Actuarial Value of Assets	<ul style="list-style-type: none"> ● Market Value 	<ul style="list-style-type: none"> ● Same
■ Amortization Method	<ul style="list-style-type: none"> ● Level percentage of payroll 	<ul style="list-style-type: none"> ● Same
■ Amortization Periods – State Employees	<ul style="list-style-type: none"> ● 30-year fixed (closed) period for 6/30/08 UAAL (29 years remaining on 6/30/09) ● 10-year fixed (closed) periods for gains and losses ● Maximum 30-year combined period 	<ul style="list-style-type: none"> ● 30-year fixed (closed) period for 6/30/08 UAAL (28 years remaining on 6/30/10) ● 10-year fixed (closed) periods for gains and losses ● Maximum 30-year combined period



ACTUARIAL METHODS

Method	June 30, 2009 Roll-Forward	March 31, 2010 Valuation
■ Amortization Periods – Teachers and Ancillary Groups	<ul style="list-style-type: none"> ● 30-year fixed (closed) period for 6/30/08 UAAL (29 years remaining on 6/30/09) ● 15-year fixed (closed) periods for gains and losses ● Maximum 30-year combined period 	<ul style="list-style-type: none"> ● 30-year fixed (closed) period for 6/30/08 UAAL (28 years remaining on 6/30/10) ● 15-year fixed (closed) periods for gains and losses ● Maximum 30-year combined period
■ Implied Subsidy	<ul style="list-style-type: none"> ● Cost for allowing non-Medicare eligible retirees to participate at active rates ● State Employees and Ancillary Groups – Valuation includes an implied subsidy for retirees, spouses, and surviving spouses to age 65 if Medicare eligible and for life if not Medicare eligible. ● Teachers – Valuation does not include an implied subsidy assuming State is not responsible for Teachers' implied subsidy as Public Education General Purpose Aid payments do not directly pay for active Teachers' premiums 	
■ Future New Entrants	<ul style="list-style-type: none"> ● Valuation Results – Closed group, no new hires ● Projections – Simplified open group projection: <ul style="list-style-type: none"> ➢ Actives - Total pay increased with aggregate payroll assumption ➢ Retirees - no additional retirees from new hires 	



DEFINITIONS

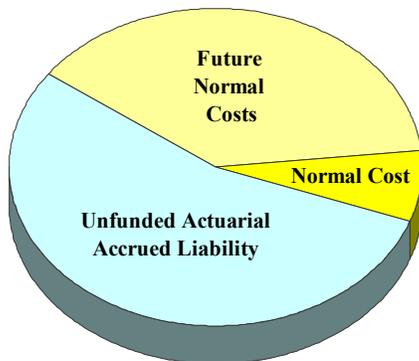
<p>■ GASB 45 Accrual Accounting</p>	<ul style="list-style-type: none"> ● Project future employer-provided benefit cash flows for current active employees and current retirees ● Discount projected cash flow to valuation date using discount rate (assumed return on assets used to pay benefits) and other actuarial assumptions to determine present value of projected future benefits (PVB) ● Allocate PVB to past, current, and future periods using the actuarial cost method ● Actuarial cost method used for this valuation is the Entry Age Normal Cost method which determines Normal Cost as a level percentage of payroll (same method used by MainePERS) ● Normal Cost is amount allocated to current fiscal year ● Actuarial Accrued Liability (AAL) is amount allocated to prior service with employer ● Unfunded AAL (UAAL) is AAL less plan assets pre-funded in a segregated and restricted trust
<p>■ PayGo Cost</p>	<ul style="list-style-type: none"> ● Cash subsidy is the pay-as-you-go employer benefit payments for retirees ● Implied subsidy is the difference between the actual cost of retiree benefits and retiree premiums subsidized by active employee premiums



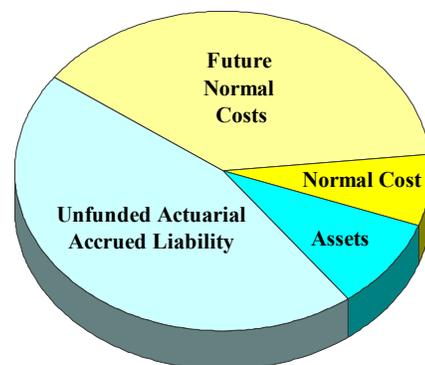
DEFINITIONS

Present Value of Benefits

**Present Value of Benefits
(Without Plan Assets)**



**Present Value of Benefits
(With Plan Assets)**



DEFINITIONS

■ Annual Required Contribution (ARC)	<ul style="list-style-type: none">● “Required contribution” for the current period including:<ul style="list-style-type: none">➢ Normal Cost➢ Amortization of:<ul style="list-style-type: none">- Initial UAAL- AAL for plan, assumption, and method changes- Experience gains/losses (difference between expected and actual)- Contribution gains/losses (difference between ARC and contributions)● ARC in excess of pay-as-you-go costs not required to be funded
■ Net OPEB Obligation (NOO)	<ul style="list-style-type: none">● Net OPEB Obligation is the accumulated amounts expensed but not funded● Net OPEB Asset if amounts funded exceed those expensed
■ Annual OPEB Cost (AOC)	<ul style="list-style-type: none">● Expense for the current period including:<ul style="list-style-type: none">➢ ARC➢ Interest on NOO➢ Adjustment of NOO● NOO adjustment prevents double counting of expense since ARCs include an amortization of prior contribution gains and losses previously expensed

